



Updated economic manuals and classifications – Stakeholder engagement background document

Introduction

The updated economic manuals that underpin many key economic statistics, including the 2025 System of National Accounts (2025 SNA) and Balance of Payments and International Investment Position Manual 7th Edition (BPM7), will be released to the international statistical community from 2025. The current versions of the manuals were implemented into Australian economic statistics in 2009.

The updated manual changes can be categorised as:

- Changes to the core framework, which will include expansions to the production and asset boundaries. Changes to the core framework are required to be implemented to maintain international comparability.
- Additional breakdowns and clarifications, which aim to provide clear and consistent guidance to statistical agencies on industries and technologies which have emerged since the last update.
- Supplementary Tables and thematic accounts which aim to build upon the existing conceptual framework; by disseminating detailed tables and analysis on various topics of interest such as the digital supply use tables (which we currently produce but could improve).
- Communication: Guidance on consistency of publication of accounts, and more user-friendly terminologies.
- New thematic accounts that go beyond “GDP” to assist in providing insights into emerging areas of policy interest.

The update has taken a themed approach, focussing on areas where the manuals have not kept pace with changes in contemporary economies. These include digitalisation, wellbeing, environmental sustainability, globalisation, financial and international investment and balance of payments and international trade. For each of these themes, additional context and a summary of key changes and recommendations are presented below.

If you would like further information, the full details of the changes, including the draft 2025 SNA and BPM7 can be found in the following links:

[System of National Accounts](#)

[BPM7: List of Proposed BPM7 Chapters](#)

Updates impacting key economic measures such as GDP are crucial for international comparability. A summary of the core changes is provided below for your information.

Given the quantity of changes to the standards, it is unlikely the ABS will be able to implement all the recommendations for the additional supplementary material and thematic accounts. This is why we are seeking your feedback, to gather your views on supplementary tables and thematic accounts prioritises. The sections below provide a summary of these.

Digitalisation

Since 2009, there have been rapid advancements in digitalisation. New digital products such as streaming services, cloud computing and more recently artificial intelligence have become prominent. Growth in ride sharing, delivery and accommodation services have been enabled by digital platforms (e.g., Uber and Airbnb). Data in digital format has also become increasingly important for businesses in generating revenue.

In the current National and International Accounts, digitalisation is not an explicit category of classification and is generally embedded in industry and product dimensions. This often means that the impacts of digitalisation are difficult to see, making it difficult for policymakers and economic analysts to understand the impacts.

The most fundamental change to address this development in the core framework (e.g. GDP) will be the inclusion of data as an asset, recognising the importance of own account data production in the economy. Much of the focus of the new manuals will be to provide clarifications on recording for new digital products and digital intermediation platforms to improve consistent measurement of these across countries. The manuals will also propose supplementary tables which provide a “digital” lens to the economic accounts in order to improve the visibility of digitalisation for users.

Change/ Recommendation	New statistical output	Benefits
Inclusion of Data as an asset	<u>Change to core framework</u> New line item for “Data and Databases” to be included in the core accounts under: • Gross Fixed Capital Formation - Intellectual Property Products. • Balance sheets of	More complete measures of GDP and Net worth, which take account of productive activities. Enable analysis of “Data” assets and their impact on the economy.

	respective sectors – Intellectual Property Products	
Clarification of recording of digital products and digital intermediation platforms	<u>Change to core framework</u> New “Of which” item for Artificial Intelligence to be included under Computer Software. New supplementary table on the provision and use of “Free” digital products. Expanded industry classification to separately identify digital intermediation activities.	More complete measures of GDP and Net worth which takes account of new digital products and platforms. Enables improved analysis of the impacts of digitalisation on the economy.
Digital supply use tables	New supplementary tables or extended accounts showing digital industries and products and how they interact to generate economic activity. Revised industry classification will separately identify digital industries. <u>Note:</u> This will build on work already undertaken by the ABS on measuring Digital activity.	Increase the visibility of digitalisation which will enable improved analysis. The supplementary table will use internationally agreed definitions of digital products and industries to enable comparison across countries.
Digital Trade tables	New supplementary table on Digital Trade. The table will show imports and exports broken down by trade which is “Digitally ordered”, “Digitally delivered” and additional breakdowns of goods and services provided through Digital Intermediation Platforms.	Increase the visibility of digitalisation which will enable improved analysis. The supplementary table will use internationally agreed definitions of digital products and industries to enable comparison across countries.

Wellbeing

Key economic aggregates such as GDP are analytically useful to measure the economic performance of a country. One of the limitations of these measures is that they were never designed to answer questions about the broader wellbeing of individuals. There has been broad demand for measures that go beyond the traditional economic aggregates including information on how income and wealth are distributed amongst society, employment opportunities and access to basic goods and services.

The new manuals will broaden the framework for National Accounts to include complimentary measures of wellbeing. Some of these issues will be addressed through the sequence of economic accounts such as the distribution of household income, consumption, saving and wealth, and a broader set of standard tables for labour input in the form of labour accounts. The new manuals will also have recommendations for extended accounts to provide more statistics relating to education and training, health care and human capital that are linked to the National Accounts framework.

Change/ Recommendation	New statistical output	Benefits
Distribution Accounts	Extended accounts which present the distribution of household income, consumption, saving and wealth. The ABS has developed a set of Distribution Accounts, however is highly dependent on the Household Expenditure Survey and the Survey of Income and Housing. The new SNA has proposed annual updates that make greater use of admin data and modelling techniques to compile more frequent estimates.	Provides broader insights into the wellbeing of households. Enables users to analyse the impacts of changes in the economy on different groups of households.
Education and Training	A satellite account for education and training based on UNECE Satellite Accounts for Education and Training (SAET) . The satellite account would comprise additional tables with estimates on:	Provide users and policymakers with more detailed information on the education and training sector. This will help to promote a better understanding of what drives economic growth,

	a) Investments in human capital, defined as the total value of expenditures related to education and training. These investments contribute to the total human capital stock in the same way as other assets in the National Accounts; b) Total costs for different categories of education and training (e.g., primary, secondary, higher education), showing who is producing each category and who is providing the financing (Government, NPIs, market producers).	assess the long-term sustainability of a country's development path, and to measure the output and productivity performance of the education sector.
Health Care	Health accounts based on OECE System of Health Accounts (2011). These would be produced as extended accounts and would provide a range of new estimates on the health sector, including healthcare expenditure by functions, providers and financing schemes.	New information on a range of aspects related to health to better inform decisions on the allocation of resources in the health system.
Human Capital	New measures of Human capital based on the "cost based approach" and the "lifetime income approach" in line with the UNECE Guide on Measuring Human Capital.	New insights into an economy's capital stock which are inclusive of human capital. Provide users with new information to better understand the links between investment in human capital and the economy.
Unpaid Household Services	New measures of Unpaid household services based on UNECE Guide on Valuing Unpaid Household Services Work	Provides recognition and valuation of activities which are currently hidden from traditional macroeconomic indicators. This would

	<u>Note:</u> this will build on work being undertaken by the ABS on unpaid care linked in the labour accounts. The recommendations in the SNA cover broader unpaid service work.	provide policymakers with more information about a countries wellbeing and how it has changed over time.
--	--	--

Environmental sustainability

For many years, there has been growing recognition of the interactions between the economy and the environment. A common criticism of the National Accounts (including key measures such as GDP) is that they do not adequately consider the impact that economic production has on natural assets and the broader environment.

Environmental issues, such as the impacts of climate change, have become much more important in societies around the world and are increasingly a focus of policymakers. For example, the development of policies such as “Net zero” have led to a shift away from fossil fuels towards renewable energy and these impacts are currently difficult to see in the National Accounts.

In the updated manuals, there will be several changes to the core framework to better account for and provide insights into the impacts on the physical environment.

Change/ Recommendation	New statistical output	Benefits
Depletion of natural resources	<u>Change to core framework</u> New line item “depletion/degradation of natural resources” will be included in the income accounts alongside consumption of fixed capital (Depreciation).	More explicit recognition of the use of natural resources in the production process. Net Domestic Product (NDP) measures which incorporate a broader range of input costs.
Split ownership of natural resources	<u>Change to core framework</u> No new data items but Private non-financial corporations will have Natural Resource assets on the balance sheet due to the new 2025 SNA treatment. Currently, only	Ownership of Natural Resources which are based on who has risks and rewards rather than based on legal ownership.

	the Government sector has Natural resource assets on the balance sheet	
Renewable energy resources	<u>Change to core framework</u> New line item “Renewable energy resources” will be included on the balance sheets of the respective owners of the renewable energy facility.	Improve analysis of energy resources in Australia and international comparison. Will provide insights into Australia’s mix of energy resources by showing the breakdown between renewable and non-renewable resources.
Environment classifications	A range of additional breakdowns will be introduced including: • New financial instrument classes for “Green bonds” and “Green loans” to be included in the Financial Accounts. • Environment taxes and subsidies to be included as additional breakdown. • Non-renewable resource assets broken down by type – Oil, Gas and Other. • Renewable resource assets to distinguish 5 types of renewable energy – Wind, Solar, Water, Geothermal and Other. • Revised industry classification for renewable energy generation types.	Provide new insights on a range of environmental aspects. Allow policymakers to better assess the interactions between economic activity and the environment.
Emission trading permits	<u>Change to core framework</u> New manuals will clarify the recording of the permits as a financial asset and Taxes on	Inclusion of emission trading permits in the National Accounts will enable analysis of the impacts of environmental policies on the economy.

	Production when the permits are surrendered.	
--	--	--

Globalisation

The world has become increasingly interconnected, which has led to increasing international trade in goods, services and investment flows across countries. Production arrangements have become more fragmented over time where it is increasingly common that the assembly of a complete product can span several countries. Multinational Enterprises (MNEs) have become more prominent, allowing the production of goods and services to take place in countries without requiring companies to have a significant physical presence.

The recent COVID-19 pandemic highlighted the importance of understanding Global Value Chains and their impacts on a country's supply chain resilience.

MNEs have made greater use of Special Purpose Entities (SPEs), which have enabled companies to shift profits and intellectual property to low-tax jurisdictions to minimise tax obligations.

The impacts of globalisation are often masked within conventional economic statistics particularly measures of international trade and investment flows and positions. In some cases, the activities of MNEs can lead to a distortion of these statistics making it difficult for policymakers to determine the economic impact this activity has on their economies.

No fundamental changes to the core framework will be made in the new manuals; however a range of recommendations provide additional breakdowns and clarifications to allow policymakers and users to better understand the underlying economic activities and behaviour which is taking place.

Change/ Recommendation	New statistical output	Benefits
Breakdown of MNEs within Balance of Payments statistics.	Additional breakdown of exports and imports of goods and services (on BOP basis) broken down by domestic MNEs, foreign controlled MNEs, and other domestic enterprises.	Improve policymakers' ability to analyse the impacts that MNEs' have on their domestic economies.
Greater disaggregation of institutional sector classification for MNEs and SPEs.	Non-financial and financial corporation sectors will be further disaggregated to show "of which" items for domestically controlled	Improve policymakers' ability to analyse the impacts that MNEs and SPEs have on their domestic economies.

	public and private corporations that are part of a domestic multinational corporation. There will also be a new “of which” category for foreign controlled Special Purpose Entities (SPEs) for nonfinancial corporations.	
Breakdown of MNEs within Extended Supply Use Table (eSUT)	Supplementary table showing relevant industries broken down into enterprises operating domestically, enterprises controlled by domestic MNEs, and foreign controlled affiliates of foreign MNEs	Improve policymakers’ ability to analyse the impacts that MNEs have on their domestic economies.
Trade in Value Added indicators (TiVA)	Supplementary table which shows trade flows re-calculated on a “value added” basis.	Addresses the inherent double counting that exists in gross trade flows. Improve understanding of how much domestic value added is generated by the export of a good or service in a country.
Global Value Chains (GVCs)	Supplementary table(s) showing a breakdown of industries and products produced within a GVC using a Satellite account approach	Enable users to undertake GVC analysis for industries and products which are important for their domestic economies.
Ultimate Investing Economy/Ultimate Host Economy and Pass-through Funds	Supplementary table which presents an alternative view of Direct Investment Statistics. The table would show international flow of funds and positions which are attributable to Ultimate Investing Economy, Ultimate Host Economy and Pass-through Funds.	Improve analysis of direct investment statistics. Allows a better understanding of the relationship and influence an entity in one country on an entity in another country.
Greenfield investment and Extension of capacity	Measures of Greenfield investment using the	Enable policymakers to better understand the

	transaction approach. Supplementary table showing inward direct investment broken down by purpose – Mergers and acquisition, Transactions related to newly created direct investment enterprises, extension of capacity, other DI flows.	impacts of direct investment on their domestic economy.
--	--	---

Financial and International Investment

Change/ Recommendation	New statistical output	Benefits
New financial sector breakdown	Of which items in the financial sector: • Constant and Variable net asset value Money Market Investment Funds (MMFs) • Open and Closed Investment funds by type (real estate, equity, bonds etc...) • Pension funds by defined benefit and defined contribution	Allow policymakers to better assess and monitor financial stability. Improved analysis of financial flows and risks in non-banking sectors and products.
New financial instrument breakdown	Of which items for “Repurchase agreements, securities lending with cash collateral and margin lending.”	Allow policymakers to better assess and monitor financial stability. Improved analysis of financial flows and risks in non-banking sectors and products.
Financial derivatives by type	New financial derivative breakdowns: • By market risk category (foreign exchange, single-currency interest rate, equity, commodity, credit, and other) • By instrument type options, forwards and related instruments,	Allow policymakers to better assess and monitor financial stability. Improved analysis of financial flows and risks in non-bank financial sectors and products.

	futures, swaps, credit derivatives, marketable employee stock options, and other instruments • By trading venue and clearing status (exchange traded, over-the-counter (cleared/not cleared))	
Valuation of debt securities at both market and nominal values	The ABS currently values debt securities at market value. This recommendation would result in a supplementary table of debt securities which are valued at nominal or face value.	Provide more information to support financial stability of an economy by understanding the differences between market and face value of debt securities.
Crypto assets with corresponding liability	Crypto assets with corresponding liability to be recorded under the relevant financial instrument depending on type e.g., Debt security crypto assets to be recorded under debt securities.	New insights on digital assets. Can provide information to support assessment of financial stability e.g., The extent to which crypto assets are used as payments and how this is changing over time.
Sustainable finance	Supplementary table of measures and indicators relevant for climate change-related financial risks. Initially the table would have estimates of direct investment by physical location and sector. The table would also show green financing including of which items for "Green bonds". The supplementary table would be updated over time to add new indicators	Allow policy makers to assess the financial risks that economies are exposed to as a result of climate change e.g., Increases in Natural disasters leading to more insurance claims.

Balance of payments and International Trade

Change/ Recommendation	New statistical output	Benefits
Goods, Services, and Investment Income Accounts by Enterprise Characteristics	New supplementary table based on the proposed template in Annex 1 of GN C2 -goods-services-and-investment-income-accounts-by-enterprise-characteristics . Supplementary table shows imports, exports and income broken down by trading partner, product/service and industry. Table will also show breakdown by enterprise characteristics including size, domestic or foreign controlled, MNE and SME.	Greater detail on the characteristics of importers and exports to enable policymakers to assess the effectiveness of Trade policies.
International Trade classified by Currency	New supplementary table showing trade in goods and services broken down by issuing currency. The currency breakdown would include those which are denominated in domestic currency, SDR currency (e.g., USD, Euro, Yen, Yuan), and other currencies which represent a significant proportion of trade for the respective economy.	Greater detail on the currency composition of international trade. Improves analysis of exchange rate fluctuations on the domestic economy.
Trade in services classification	More detailed breakdown of trade in services following changes to the Extended Balance of Payments Services (EBOPS) classification. These include new breakdowns for recording of digital products including data, cloud computing and Artificial Intelligence (AI). Licenses	Provide further insights on contemporary trade in services activity including digitalisation.

	to use Software and Audio Visual will be disaggregated to identify flows related intermediate consumption and capital formation.	
--	--	--